

FISCAL NOTE

Bill #: SB0487

Title: Clarify oil and gas equipment taxation

Primary

Sponsor: Glenn Roush

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Revenue:		
General Fund	\$74,794	\$74,794
State Special Revenue	4,724	4,724
Net Impact on General Fund Balance:	74,794	74,794

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. This bill is retroactive to January 1, 1999 and is in effect for FY2000 and FY2001.
2. The values determined by the department are the full reappraisal market values of these properties and are used to determine impacts (See technical note #1).
3. The class 8 tax rate is 6%.
4. Only those properties currently classified as class 4 improvements on oil & gas sites and class 4 storage tanks on oil & gas sites are affected.
5. The tax rate on class 4 properties affected by this bill is 3.816% in 1998.
6. The taxable value of the affected property will increase from \$936,024 in tax year 1998 to \$1,723,332 in tax year 1999, resulting in a net increase of \$787,308 in taxable value.
7. Mill levies applied to the taxable value are: 95 mills (state general fund), 6 mills (university fund) and 275.47 mills (local government and schools).
8. The timing of the receipt of tax payments will not be affected.
9. The department estimates that administrative expenses will not be impacted.

FISCAL IMPACT:

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
<u>Revenues:</u>		
General Fund (01)	\$74,794	\$74,794
State Special Revenue (02)	4,724	4,724

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local government and schools will experience an increase in revenue of approximately \$216,880 each year following implementation of the bill.

TECHNICAL NOTES:

1. If the intent of the bill is to value these properties at the "acquired cost" value, amendments should be offered to clarify those intentions. If acquired cost is used, the department will experience additional administrative costs to implement the provisions of the bill.